

UNITED STATES DEPARTMENT OF AGRICULTURE


Farm Service Agency
Washington, DC 20250

Notice SU-60

For: Sugar Beet Processors and Sugar State Offices and Service Centers

2000 Sugar Payment-In-Kind (PIK) Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

On August 1, 2000, the Secretary announced that Commodity Credit Corporation (CCC) will implement a 2000 Sugar PIK Program to help restore balance to the sugar market. The program offers sugar beet farmers the choice of reducing 2000 crop year production in exchange for CCC inventory sugar.

Producers offer bids that reflect the dollar value of CCC inventory sugar per acre that the producer is willing to accept in exchange for forgoing harvest of a specific number of acres. Each producer has a per acre value cap and each "person" is limited to \$20,000 sugar value.

The program will reduce the:

- amount of sugar in CCC inventory
- amount of sugar forfeitures otherwise expected
- overall storage cost to CCC otherwise expected.

Continued on the next page

Disposal Date

December 1, 2000

Distribution

Sugar State Offices; State Offices relay to Sugar Service Centers

1 Overview (Continued)

B

Purpose

This notice provides sugar beet processors, State FSA Offices and Service Centers policies and procedure for implementing the 2000 Sugar PIK Program, including information about:

- the signup process
 - signup period
 - payment limitations
 - submitting bids
 - eligible producers
 - eligible land
 - the responsibilities of the:
 - sugar beet processors
 - State Offices and Service Centers
 - producers
 - other general information.
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2 Summary of Signup Process

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Signup Activities The following table describes the signup, bid selection, producer notification, and compliance activities.

Step	Action	Reference
1	Eligible producers may submit offers and sign contracts to participate in the 2000 Sugar PIK Program beginning August 21, 2000, through September 1, 2000.	Paragraphs 3, 4, and 8
2	Eligible producers and the sugar beet processor modify their existing grower contracts to reflect the number of acres that are bid.	Paragraph 4
3	Eligible producers and the sugar beet processor complete an PC-based automated worksheet to determine the per acre bid amount and the number of acres bid.	Paragraphs 4 and 8
4	Sugar beet processor submits producers' automated worksheets to KC-ITSDO and mails CCC-744 signed by the producer to the location provided by the FSA State office.	Paragraphs 4 and 8
5	National Office and KC-ITSDO review the producers worksheets received from all sugar beet processors and contact applicable processors concerning questionable data and unmatched ID numbers.	Paragraph 5
6	National Office evaluates, ranks, and takes action on eligible bids.	Paragraph 5
7	Deputy Administrator, Farm Programs (DAFP) issues a notice to provide: <ul style="list-style-type: none">• whether the bid was accepted or rejected• procedure for approving CCC-744• compliance requirements. KC-ITSDO notifies producers: <ul style="list-style-type: none">• whether bid was accepted or rejected• to contact Service Center to designate the acreage that will not be harvested.	Paragraph 5
8	For acceptable bids, Service Center verifies bid data and signs CCC-744.	Procedure will be provided in a future notice
9	Service Center completes compliance activities and spot checks.	

Continued on the next page

3 2000 Sugar PIK Signup Period and Policies

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Signup Period

The signup period for submitting bids for the 2000 Sugar PIK Program is August 21, 2000, through September 1, 2000. Bids submitted after close of business September 1, 2000, will be rejected.

B

Submitting Bids at the Sugar Beet Processor

To participate in the 2000 Sugar PIK Program, producers must, according to paragraph 4:

- submit bids at the sugar beet processor with whom the producer has a signed grower contract
- assist processors in completing a personal computer (PC) based worksheet.

The 2000 Sugar PIK Program will be conducted through a competitive bid process where each bid will be compared with all other bids after the end of the signup period. All bids that meet the basic eligibility requirements will be accepted or rejected based on the payment limitation and ranking results. See paragraph 4.

C

Modifying Grower Contracts Signup Period

All producers who plant sugar beets for sugar are under contract with a sugar processor for a certain number of acres. To be eligible to participate in the 2000 Sugar PIK Program, producers and processors must modify existing grower contracts to reduce the number of acres for harvest under contract.

Important: The modification of the grower contract is the responsibility of the producer and the sugar beet processor. USDA will **not** be involved in any manner with the modification of the grower contract.

D

Bid Cap

The intent of the 2000 Sugar PIK Program is to exchange CCC sugar for the diverted acreage. A bid cap is established per acre for each producer's bid which is commensurate with a maximum gross value per acre of sugar beets that could reasonably be expected to be produced. The bid cap is calculated by the PC-based worksheet according to Exhibit 3.

Continued on the next page

3 2000 Sugar PIK Signup Period and Policies (Continued)

E

Payment Calculation

Because it is a PIK program, producers whose bids are accepted shall be awarded CCC inventory sugar. The amount of CCC inventory sugar the producer is awarded will be based on:

- the producer's desired sugar value per acre, not to exceed the calculated bid cap, multiplied by the producer's share in the acres offered multiplied by the number of acres offered
- price of CCC inventory sugar.

Important: The payment limitation for the 2000 Sugar PIK Program is \$20,000 per "person". Therefore, any producer's bid that results in a total value greater than \$20,000 per "person" will be limited to \$20,000. Under no circumstances shall a "person" receive more than \$20,000 worth of CCC inventory sugar.

F

Payment Limitation

The following payment limitation provisions apply:

- the value of sugar transferred is limited to \$20,000 per "person"
- CCC-502 must be on file and determinations applicable to 2000 must have been made before eligibility determinations can be made or CCC-744 may be approved

Note: A producer is not required to file or update CCC-502 if CCC-502 applicable to 2000 is currently on file.

- CED shall make necessary "person" determinations according to 1-PL; however, the State Office shall be consulted for guidance on complex or unusual cases

Note: Actively engaged in farming, cash-rent tenant, foreign person, and permitted entity rules in 1-PL are not applicable.

Continued on the next page

3 2000 Sugar PIK Signup Period and Policies (Continued)

F

**Payment
Limitation
(Continued)**

- if 2000 program payments have already been made based on a correct “person” determination, a less restrictive determination shall not be applied for 2000 Sugar PIK Diversion Program purposes.

Example: Situation: CCC-502 on file in the Service Center indicates that Mr. Jones conducts a farming operation as an individual and Mr. Jones was determined to be a separate “person” from any other individual or entity. This “person” determination was applicable to 2000 program purposes and payments have been disbursed accordingly. However, when the sugar processor issues a payment, both Mr. and Mrs. Jones receive a check. Although benefits under other FSA programs have not been requested by Mr. Jones’ wife and a determination has not been made for her, Mrs. Jones is actually a part of the farming operation. Mr. and Mrs. Jones each submit an offer under the Sugar PIK Diversion Program.

Result: Sugar can be transferred to both Mr. and Mrs. Jones if they both otherwise meet applicable eligibility requirements. However, they **cannot** be determined separate “persons” for 2000 program purposes. The determination which was previously made for the farming operation was correct based on the information submitted and 2000 program payments have already been disbursed based on that determination. The total value of the sugar transferred to Mr. and Mrs. Jones shall not exceed the \$20,000 limitation afforded 1 “person.” The Service Center shall ensure that Mr. and Mrs. Jones are combined as 1 “person” in the combined producer file according to 2-PL.

4 Submitting Bids

A Completing Producer Worksheet

A PC-based automated worksheet has been developed for use by the sugar processor to:

- assist producers in completing bids
- transmit bid data to KC-ITSDO.

Note: See Exhibit 3 for instructions for completing the PC-based automated worksheet.

The sugar processor will assist the producer in completing the PC-based worksheet by providing all the following to calculate the producer's bid cap:

- producer's 3-year average yield using 1997, 1998, and 1999 production
- producer's 3-year average sugar content using 1997, 1998, and 1999 production
- processor's 3-year average recovery rate using 1997, 1998, and 1999 data
- price of CCC inventory sugar as determined by CCC.

Important: The average yield and sugar content for producers that do not have production history for all 3 years (1997, 1998, and 1999) will be determined based on the number of years available since 1997. The average yield and sugar content for producers with no production history for 1997, 1998, and 1999 will be the 3-year average for the factory. See Exhibit 1 for instructions to calculate an average yield for producers and factories.

The producer will provide all of the following for entry on the worksheet:

- name and address
- tax ID number
- FSA entity type
- producer's share in the acres bid.

Based on the per acre bid cap and the \$20,000 per "person" payment limitation, the producer will determine both of the following for entry in the worksheet:

- the per acre bid amount
- number of acres to bid.

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4 Submitting Bids (Continued)

B

Completing CCC-744

To submit a bid to participate in the 2000 Sugar PIK Program, producers must complete and sign CCC-744 before the end of the signup period. All producers who share in the acreage bid must sign CCC-744 before the end of the signup period.

The sugar beet processor will:

- provide a copy of CCC-744 to the producer
- mail the completed original CCC-744 to the location provided by the FSA State Office. See subparagraph C.

CCC-744 is irrevocable after the signup period ends.

Producers that do not comply with the terms of CCC-744 will be assessed liquidated damages according to paragraph 7.

Producers may withdraw bids before the end of the signup period without penalty. If the producer withdraws a bid before the end of the signup period, the processor must do both of the following:

- remove the bid data from the PC-based automated worksheet
- write “withdrawn” and the date on CCC-744.

Important: Producers must initial and date CCC-744 next to the word “withdrawn”.

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4 Submitting Bids (Continued)

C

Transmitting Worksheet Data and Mailing CCC-744

By no later than September 5, 2000, the sugar beet processor will:

- using an overnight delivery service, mail a diskette containing the automated worksheet data to the following:

Lee Stieger
Room 360
USDA-FSA-KC-ITSDO-PARMD-8118
6501 Beacon Street
Kansas City, Missouri 64133-4676

Important: Sugar beet processors must make a copy of the automated worksheet data before mailing the diskette.

- mail the original CCC-744 to the location provided by the FSA State Office.

Important: Sugar beet processors must make a copy of CCC-744 for their records.

See paragraph 8 for the Service Center actions for CCC-744's.

5 Bid Evaluation and Notification

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Evaluating Bids

After signup, PECD and KC-ITSDO will:

- review all transmitted bid data
 - contact sugar beet processors and Service Centers, as applicable, concerning questionable data and unmatched ID numbers
 - correct erroneous data, as applicable
 - ensure that the \$20,000 per "person" payment limitation is not exceeded
 - rank all eligible bids based on the amount of sugar production diverted in return for the amount of CCC inventory sugar requested.
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Continued on the next page

5 Bid Evaluation and Notification (Continued)

B

Notifying Producers and Service Centers

After the bids are reviewed and ranked:

- DAFP will issue a notice to provide:
 - accepted and rejected bids
 - procedure for approving CCC-744
 - compliance requirements
 - KC-ITSDO will notify producers:
 - of accepted and rejected bids
 - to contact Service Center to complete CCC-744.
-

6 Land and Producer Eligibility Requirements

A

Eligible Land

For the 2000 Sugar PIK Program eligible land is land that meets **all** of the following:

- planted to 2000 crop year sugar beets at the time the land is bid
- Note:** Harvested acreage is not eligible.
- is under a contract with a processor for the delivery of sugar beets for sugar
 - an insurance indemnity payment has not been paid, applied for, nor will be applied for on the acres bid
 - a replant payment has not been paid for the acres bid
 - the acres bid have not been previously released by the processor
 - the planted sugar beets are harvestable and would be harvested for sugar if not accepted in the 2000 Sugar PIK Program.
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6 Land and Producer Eligibility Requirements (Continued)

B

Minimum Size Requirements

The acreage offered for this program must meet the following size requirements. If the total number of acres a producer bids is:

- less than or equal to 15 acres, then the land bid must consist of 1 of the following:
 - 1 area of contiguous land
 - 1 or more entire permanent fields
 - 1 or more entire permanent fields and 1 area of contiguous land to complete the balance
 - more than 15 acres, then the land bid must consist of 1 of the following:
 - 1 or more areas of land of at least 15 contiguous acres each with 1 remaining area of land less than 15 contiguous acres to complete the balance
 - 1 or more entire permanent fields
 - 1 or more entire permanent fields and 1 area of contiguous land to complete the balance.
-

C

Ineligible Land

The following sugar beet acres are **not** eligible to be diverted under the 2000 Sugar PIK Program:

- land planted to sugar beets that are not under contract with a sugar beet processor
 - land planted to sugar beets that is not harvestable or will not be harvested
 - land planted to sugar beets that was previously released from a contract by the processor
 - land for which the producer:
 - has received an insurance indemnity payment
 - has applied for an insurance indemnity payment
 - will apply for an insurance indemnity payment
 - has received a replant payment.
-

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6 Land and Producer Eligibility Requirements (Continued)

D

Eligible Producers

To participate in the 2000 Sugar PIK Program a producer must meet all of the following:

- share in the risk of producing the sugar beets on the acres bid
- be entitled to share in the marketing of the sugar beet crop from the acres bid
- have the authority to divert the acres bid from commercial use
- complete the automated worksheet by the end of the signup period
- complete and sign CCC-744 before the end of the signup period
- submit all applicable payment limitation forms to the FSA Service Center, if a "person" determination has not been made.

Producers that do not share in the risk of the production on the acres bid are not eligible to participate in the 2000 Sugar PIK Program.

Example 1: Jane Smith and Bill Brown form a limited liability partnership in which Mr. Brown's only contribution is shares in a cooperative. The limited liability partnership does not share in the risk of producing the sugar beets and does not receive a share of the sugar beets marketed. Mr. Brown receives a set payment regardless of the sugar beet production. Mr. Brown has no risk in the production of the sugar beets. Neither the limited liability partnership nor Mr. Brown are eligible to participate in the 2000 Sugar PIK Program. However, Mrs. Smith is eligible to participate if all other eligibility requirements are met.

Example 2: Mike Jones and Jane Scott form a limited liability partnership in which Mrs. Scott's only contribution is shares in a cooperative. Mrs. Scott receives 20 percent of the sugar beet production for her contribution with Mr. Jones receiving the remaining 80 percent. Mrs. Scott's payment is not a guaranteed or set amount. The limited liability partnership does share in the risk of producing the sugar beets; therefore, it is eligible to participate in the 2000 Sugar PIK Program provided all other eligibility requirements are met.

7 Producer Violations

A Liquidated Damages

Producers found in violation of the terms and conditions of CCC-744 or other program policies shall be assessed liquidated damages in an amount equal to 3 times the value of the CCC inventory sugar approved under CCC-744.

The liquidated damages are in addition to a full refund of the value of the CCC inventory sugar approved under CCC-744 and may be in addition to any other damages or amounts due that result from the violation.

8 Responsibilities and Actions

A Processor Responsibilities

Sugar beet processors are responsible for all of the following:

- to the extent practical, notifying producers of the availability of the 2000 Sugar PIK Program
- modifying existing grower contracts with producers
- completing:
 - the PC-based automated worksheet including information provided by producers, as applicable
 - certain sections CCC-744

Important: CCC-744 is a 1 page document and must be printed on the front and back of 1 page. Do **not** print 2 separate pages and staple together.

- providing a copy of the producer-signed CCC-744 to the producer
- mailing the original CCC-744's, including any CCC-744's withdrawn by producers before the end of signup, to the location provided by the FSA State Office
- mailing a diskette containing the automated worksheet data for all producers to KC-ITSDO according to subparagraph 4 C.

Important: Processor must ensure that all data for withdrawn bids is removed from the worksheet before mailing the diskette. All bids received by KC-ITSDO will be irrevocable.

Continued on the next page

8 Responsibilities and Actions (Continued)

A

Processor Responsibilities (Continued)

Processors should remind producers to contact their insurance agent if they plan to enroll acreage in the PIK program. Failure of the producer to obtain an appraisal could adversely affect APH approved yields for future crop years.

B

Producer Responsibilities

The producer's offer to participate in the 2000 Sugar PIK Program is irrevokable after the end of the signup period. The bid **cannot** be withdrawn or modified after the end of the signup period.

Producers are responsible for all of the following:

- modifying existing grower contract with the sugar beet processor
 - providing applicable information to the processor for the PC-based automated worksheet, including the per acre bid amount and number of acres bid
 - completing certain sections and signing CCC-744
 - complying with the terms and conditions of the program as set forth in the Federal Register Notice and CCC-744
 - submitting all applicable payment limitation forms to the FSA Service Center, if a "person" determination has not been made.
-

C

SED Action

SED shall determine whether the State Office or a Service Center will, according to subparagraph E:

- receive CCC-744 from processors
- review all CCC-744's received
- distribute CCC-744's to the applicable Service Centers.

The determination should be based on resources available, workload activity, work relationship with processor, and time frame for implementing the program.

SED's shall notify processors within the State of the name and address of the office designated to receive CCC-744's.

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8 Responsibilities and Actions (Continued)

D

**State Office or
Designated
Service Center
Action**

State Office or Service Center, as applicable, shall review each original CCC-744 received from sugar processors to ensure that:

- all applicable item numbers are completed
- it has been signed and dated
- shares total to 100 percent.

If CCC-744 is incomplete, the designated office shall cooperate with the applicable sugar processor to obtain all missing data. All changes to data entered on CCC-744 after the producer signs it must be initialed and dated by both the producer and the individual making the change.

Important: The designated office must obtain the original CCC-744 from the sugar processors. If sugar processors send copies of CCC-744's, the designated office shall contact the applicable sugar processor to obtain the originals.

After reviewing and obtaining any missing data, if applicable, the designated office shall mail the original CCC-744's to the Service Center with administrative responsibility for the county in CCC-744, item 11. If the county identified is located in another State, the designated office shall contact the applicable State Office to obtain the name and address of the Service Center with administrative responsibility for the county.

E

**Service Center
Action**

Service Centers shall:

- to the extent practical, notify producers of the availability of the 2000 Sugar PIK Program
 - maintain the original CCC-744's received from the designated office. A future notice will provide procedure for:
 - processing and approving CCC-744's
 - compliance activities.
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9 Definitions and Contacts

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Definitions

The following definitions are applicable to the 2000 Sugar PIK Program only.

CCC-744 is the contract between the producer and CCC for the 2000 Sugar PIK Program.

A grower contract is the contract between the sugar processor and the producer.

A producer is an owner, operator, landlord, tenant, or sharecropper, who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm.

A sugar processor is the entity with which the producer has a grower contract.

B

Contacts

Sugar processors and State Offices with questions about this notice or the 2000 Sugar PIK Program shall contact Virgil Ireland at 202-720-5103.

For technical assistance with the PC-based automated worksheet, processors should contact Lee Stieger at 816-926-2104 or
LRSTIEGER@KCC.FSA.USDA.GOV

Service Centers shall contact State Offices with questions about this notice or the 2000 Sugar PIK Program.

Calculating Producer and Processor Average Yields

The following are examples of calculations for a producer's 3-year average yield for the 2000 Sugar PIK Program.

Producer	1997 Yield/Acre	1998 Yield/Acre	1999 Yield/Acre	Calculation to Determine Average Yield
1	25.0 tons	22.0 tons	28.0 tons	$((25.0 + 22.0 + 28.0) \text{ divided by } 3) = 25.0$ Average yield for 2000 Sugar PIK = 25.0
2	No Production	18.0 tons	19.0 tons	$((18.0 + 19.0) \text{ divided by } 2) = 18.5$ Average yield for 2000 Sugar PIK = 18.5
3	No Production	No Production	20.0 tons	Average yield for 2000 Sugar PIK = 20.0
4	No Production	No Production	No Production	Producer will be assigned an average yield equal to the 3-year average yield for the factory. See below.

The following is an example of a calculation for a 3-year average yield for a factory.

In 1997 the sugar processor processed 200,000 tons of sugar beets from 10,000 acres for an average yield of 20.0 tons per acre (200,000 divided by 10,000).

In 1998 the sugar processor processed 250,000 tons of sugar beets from 10,000 acres for an average yield of 25.0 tons per acre (250,000 divided by 10,000).

In 1999 the sugar processor processed 270,000 tons of sugar beets from 11,000 acres for an average yield of 24.5 tons per acre (270,000 divided by 11,000).

The 3-year average yield for the processor is 23.2 tons per acre $((20.0 + 25.0 + 24.5) \text{ divided by } 3)$.

Instructions and Example for Completing CCC-744

CCC-744 must be a 1 page document. When preparing copies of CCC-744 to be completed, processor must ensure that the document is printed on the front and back of 1 page. Use the following instructions to complete CCC-744.

Item No.	Instructions
1	Enter the offer number from column A of the automated worksheet.
2	Enter the processor code from column B of the automated worksheet.
3	Enter the average yield (tons/ac.) from column H of the automated worksheet.
4	Enter the average sugar content from column I of the automated worksheet.
5	Enter the processor recovery rate (%) from column J of the automated worksheet.
6	Enter the CCC sugar price (\$/cwt) from column K of the automated worksheet.
7	Enter the per acre bid amount from column M of the automated worksheet.
8	Enter the per acre bid cap from column L of the automated worksheet.
9	Enter the total number of acres bid from column O of the automated worksheet.
10	Enter the total bid amount from column P of the automated worksheet. Important: The payment limitation for the 2000 Sugar PIK Program is \$20,000 per "person". Therefore, any bid that results in a total value greater than \$20,000 per "person" will be limited to \$20,000. Under no circumstances shall a "person" receive more than \$20,000 worth of CCC inventory sugar.
11	Enter the State and county where the producer's FSA farm records are administered for the acres bid. If the producer has no farm records for the acres bid, enter the State and county where the acres bid are physically located.
12C	Enter the name and location of the processor with whom the producer has a grower contract for the acres bid.
14-16	Leave blank. CCC representative and the producer will complete items 14, 15, and 16 if the bid is accepted.

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Instructions and Example for Completing CCC-744 (Continued)

Item No.	Instructions
17-22	<p>Producers must provide all of the following:</p> <ul style="list-style-type: none"> • share in the sugar beets bid • indicate if the sugar will be assigned to the processor identified in item 12C • tax ID number from column D of the automated worksheet • signature and date. <p>Important: All producers that share in the production of the sugar beets on the acres bid must sign CCC-744. The shares on CCC-744 must total to 100 percent.</p> <p>Example: If 3 individuals have a share in the production of the sugar beets on the acres bid, all 3 individuals must sign CCC-744 indicating their applicable share.</p>
23	Leave blank. CCC representative will sign and date if the bid is accepted.
24	<p>If all of the producers subject to CCC-744 agree to assign all the CCC sugar they are awarded if the bid is accepted, enter the name and address of the processor where the bid was submitted. The producers may assign the CCC sugar to the processor listed in item 12C only. Producers cannot assign CCC sugar to any other processor, entity, or individual.</p> <p>Important: The address of the processor where the bid was submitted may not be the same as the address provided in item 12C. The processor name and address provided in item 24 will be used when determining the location of the CCC sugar to be awarded.</p> <p>Example: The processor provided in item 12C is Holly Sugar Corporation, Sugar Land, TX. However, the producer submitted his bid in Sidney, Montana. If the bid is accepted, USDA will attempt to award CCC sugar located in the Sidney, Montana region.</p> <p>If all of the producers subject to the CCC contract do not agree to assign all of the sugar they are awarded if the bid is accepted, leave item 24 blank.</p>

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Instructions and Example for Completing CCC-744 (Continued)

The following is an example of CCC-744.

REPRODUCE LOCALLY. Include form number and date on all reproductions.						Form Approved - OMB No. 0560-0206	
CCC-744 <small>(08-18-00)</small> U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation IRREVOCABLE OFFER AND CONTRACT TO PARTICIPATE IN THE 2000 SUGAR PAYMENT-IN-KIND (PIK) DIVERSION PROGRAM <i>(See Reverse for Privacy Act and Public Burden Statements)</i>						1. Offer Number 2. Processor Code	
3. Yield (tons per acre)	4. Sugar Content	5. Processor Recovery Rate	6. CCC Sugar Price (\$ per cwt.) \$	7. Bid Amount (\$ per acres bid) \$			
8. Bid Cap (\$ per acres bid) \$	9. Acres Bid	10. Total Bid Amount (acres bid times bid amount)	11. State and County Where Acres Bid are Administratively Located				

12. This contract is made between Commodity Credit Corporation (CCC) and the producer(s) as determined according to 7 CFR Part 718. By signing this contract the undersigned producer(s):

- A. Agrees that for purposes of this contract, the term "contract acres" shall refer to acres in the amount set out in Item 9 of this contract, at the location identified in Items 14 through 16 of this contract. Producer(s) represent that the contract acres constitute (1) one contiguous area of land if the total contract acres are equal to or less than 15 acres; (2) one or more entire permanent fields; (3) one or more entire permanent fields and one area of contiguous land to complete the balance; or (4) one or more areas of land of at least 15 contiguous acres each with one remaining contiguous area of land of less than 15 acres to complete the balance if the total contract acres is greater than 15 acres.
- B. Understands that the Bid Cap in Item 8 is a dollar amount per acre computed by using data of the processor identified below. It is computed by multiplying the per acre Yield (Item 3) in tons of beets by the average percentage of Sugar Content (Item 4) in the beets multiplied by the percentage Processor Recovery Rate (Item 5) for the sugar by the CCC Sugar Price per cwt (Item 6) multiplied by 20 to get a per ton price. The CCC Sugar Price is calculated using the table contained in the Notice published in the Federal Register (hereafter "Program Notice"). That Notice is available through the local FSA county office. Calculations of yields and other matters involved in the computation of the bid cap shall be made using the standards contained in the Program Notice.
- C. Represents that the contract acres are, at this time, planted to sugar beets, and that the product of such acreage is contracted to a sugar processor, that processor being _____ of _____ (city), _____ (State), and that such contract specifies that all production from that acreage for the immediate crop year is contracted to such processor for the purposes of manufacturing refined sugar. It is represented by the producer, further, that such processor has agreed to release the producer from that commitment if this PIK contract is accepted. Producer represents, too, that the producer will not plant substitution acreage to replace the acreage that will be diverted if this PIK contract is accepted by CCC.
- D. Agrees to not harvest or make commercial use of the sugar beets on the contract acres if the contract is accepted by CCC.
- E. Authorizes USDA representatives to enter the below-identified farm(s) as determined necessary by CCC to verify compliance with the PIK contract.
- F. Agrees that because CCC will consider all bids for this program together, this offer is irrevocable after the end of the signup period for this program. In the event the producer fails to comply with the bid submitted, such producer shall pay liquidated damages. Such damages shall also be due in cases in which there is a violation of the contract, which shall be due in addition to a refund to CCC which refund shall be in an amount equal to the dollar value of the sugar transferred by CCC, plus interest. Liquidated damages, when applicable, shall be assessed in an amount equal to, as determined by CCC, up to 3 times the dollar value of the sugar transferred by CCC or which would have been transferred by CCC had there been compliance with the offer or contract.
- G. Certifies that a crop insurance payment, including indemnity and replant payments, has not been received, applied for, nor will be applied for on the contract acres.
- H. Certifies that the sugar beets on the contract acres are harvestable, or would be harvestable if not diverted under this contract, and would be harvested for sugar for use as refined sugar if the contract acres were not accepted in the 2000 Sugar PIK Diversion program.
- I. Understands that if I/we plant more total acres to sugar beets in future years than I/we planted in 2000, I/we may be ineligible to participate in any future Sugar PIK Diversion programs.
- J. Agrees that this contract is subject to the terms contained in the Program Notice. Further, the producer represents that the information set forth on this contract is true and correct to the best of the producer's knowledge and understands that the information may be relied upon to make substantial benefits available to the producer.

Instructions and Example for Completing CCC-744 (Continued)

The following is an example of CCC-744 (Reverse).

CCC-744 (Reverse) (08-18-00)

13. In return, CCC agrees that if the bid to participate in this PIK program is accepted, CCC will compensate the undersigned producer(s) in an amount of sugar from CCC's inventory equal to the lesser of \$20,000 per person as determined under standards in 7 CTR Part 1400 or the amount specified in Item 10 of this contract. Subject to such limits, payments shall be divided according to the shares set out below. The conversion table in the Program Notice shall be used to convert the dollar amount in Item 10 of this contract to sugar. CCC will attempt to make sugar available in the same region as that in which the processor is located. In all cases, however, delivery must be taken where the sugar is stored and the value of the sugar will be determined as of the place of storage. Title to the sugar will transfer to the producer or the producer's assignee, if an assignment is indicated below, upon notice from CCC that the sugar is available for their disposition. The sugar shall be made available during the period indicated in the Program Notice. Assignments are permitted only to the above-named processor and only if all producers subject to the contract agree to a full assignment of their interests.

14. Farm Number(s)	15. Tract Number(s)	16. Field Number(s)
17A. Producer Name and Address	B. Percent (%)	D. Tax Identification Number
	C. Assigned? <input type="checkbox"/> YES <input type="checkbox"/> NO	E. Signature _____ Date _____
18A. Producer Name and Address	B. Percent (%)	D. Tax Identification Number
	C. Assigned? <input type="checkbox"/> YES <input type="checkbox"/> NO	E. Signature _____ Date _____
19A. Producer Name and Address	B. Percent (%)	D. Tax Identification Number
	C. Assigned? <input type="checkbox"/> YES <input type="checkbox"/> NO	E. Signature _____ Date _____
20A. Producer Name and Address	B. Percent (%)	D. Tax Identification Number
	C. Assigned? <input type="checkbox"/> YES <input type="checkbox"/> NO	E. Signature _____ Date _____
21A. Producer Name and Address	B. Percent (%)	D. Tax Identification Number
	C. Assigned? <input type="checkbox"/> YES <input type="checkbox"/> NO	E. Signature _____ Date _____
22A. Producer Name and Address	B. Percent (%)	D. Tax Identification Number
	C. Assigned? <input type="checkbox"/> YES <input type="checkbox"/> NO	E. Signature _____ Date _____
23. CCC USE ONLY - PIK according to the shares are approved.		SIGNATURE OF CCC REPRESENTATIVE _____ DATE _____
24. Name and Address of Assignee (to be completed only if CCC sugar will be assigned to the processor):		

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Food Security Act of 1965, (Pub. L. 99-198), as amended. The information requested is necessary for CCC to consider and process the offer to enter into a Sugar Payment-in-Kind Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for certain program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001; 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.

Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this collection is 0560-0206. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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Instructions for Completing PC-Based Automated Worksheet

The PC-based automated worksheet was designed using Microsoft Excel. **Processors must use Microsoft Excel to use the automated worksheet.** Certain validations and calculations have been programed into the automated worksheet that will not function if Microsoft Excel is not used. **All bids submitted on worksheets completed using anything except Microsoft Excel will be rejected.**

Use the following instructions to complete the PC-based automated worksheet.

Column	Instructions
A	<p>Enter the offer number. Offer numbers must be entered in sequential order beginning with offer number 1. Each offer will have a different offer number. When there are multiple producers for 1 offer, the offer number will be the same for each producer.</p> <p>Example: Mike Jones and Jane Smith submit an offer for 15 acres. Mr. Jones has a 80 percent interest in the acres offered and Mrs. Smith has a 20 percent interest in the acres offered. The same offer number would be used for both Mr. Jones and Mrs. Smith.</p>
B	<p>Enter the processor code assigned to the processor by FSA. A code was assigned to each processor when the PC worksheet was transmitted to the processor. Each code is unique to that processor.</p> <p>If the processor provides the worksheet to more than 1 location, the processor must assign each location a unique 2-digit code to use in combination with the processor code.</p> <p>Example: The Sweet Sugar Company was provided a copy of the automated worksheet and assigned a processor code of 222 by FSA. The Sweet Sugar Company provided the automated worksheet to each of its 3 processing factories. Each factory will be accepting bids from producers. The Sweet Sugar Company assigned factory number 1 a code of 01, factory number 2 a code of 02, and factory number 3 a code of 03.</p> <p>Both the processor code assigned by FSA and the code assigned by the processor, if applicable, must be entered in the worksheet for each offer. The 2 codes must be separated by a “.”.</p> <p>Example: Using the above example, factory number 1 of the Sweet Sugar Company would enter "222.01" in column number 2 of the automated worksheet. Each offer taken by factory number 1 would have the same processor code.</p> <p>Note: After the processor code is entered for the first offer, the worksheet will automatically enter the same code for every other offer entered on that worksheet.</p>

Continued on the next page

Instructions for Completing PC-Based Automated Worksheet (Continued)

Column	Instructions
C	<p>When the user enters the processor code, column C will automatically default to “Y” indicating that the producer will assign all the CCC sugar awarded, if the bid is accepted, to the processor.</p> <p>If the producer elects to not assign all the CCC sugar awarded, if the bid is accepted, to the processor, the user must change the “Y” to “N”.</p> <p>Important: The producers may assign the CCC sugar to the processor listed in CCC-744, item 12C only. Producers shall not assign CCC sugar to any other processor, entity, or individual.</p>
D	Enter the producer’s tax ID number. If the bid is approved, the applicable value of the sugar awarded will be reported to IRS using the ID number entered.
E	<p>Enter the ID type for the ID number entered in column D. One of the following ID types must be entered:</p> <ul style="list-style-type: none"> • “S” for social security number • “E” for employer ID number • “T” for IRS assigned ID number.
F	Enter the producer’s last name or business name, as applicable.
G	Enter the producer’s first name.
H	<p>Enter the producer’s 3-year simple average yield per acre (tons of beets per acre) for the years 1997, 1998, and 1999.</p> <p>If the producer does not have production history for all 3 years (1997, 1998, and 1999), the average yield will be determined based on the number of years available since 1997.</p> <p>If the producer has no production history for 1997, 1998, and 1999, the average yield will be the 3-year average for the factory based on all beets delivered to the factory.</p> <p>See Exhibit 1 for calculating the average yield per acre.</p>

Continued on the next page

Instructions for Completing PC-Based Automated Worksheet (Continued)

Column	Instructions
I	<p>Enter the producer's 3-year simple average sugar content for beets delivered for the years 1997, 1998, and 1999.</p> <p>If the producer does not have production history for all 3 years (1997, 1998, and 1999), the average sugar content will be determined based on the number of years available since 1997.</p> <p>If the producer has no production history for 1997, 1998, and 1999, the average sugar content will be the 3-year average for the factory based on all beets delivered to the factory.</p>
J	<p>Enter the processor's 3-year simple average recovery rate for the years 1997, 1998, and 1999. The recovery rate for each year shall be determined according to the following formula:</p> $\frac{\text{(tons of sugar produced for the year)}}{\text{((tons of sugar beets received) times (average sugar content of all beets processed))}}$ <p>If the processor has not been operational for the years 1997, 1998, and 1999, the average recovery rate will be determined based on the number of years the processor has been operational since 1997.</p> <p>Note: After the processor's recovery rate is entered for the first offer, the worksheet will automatically enter the same rate for every other offer entered on that worksheet.</p>
K	<p>Enter the CCC price of the sugar based on the location of where the bid is submitted according to the following:</p> <p>Region 1 (MI, IN, OH, KY, TN, WV) = \$19.99 Region 2 (IA, IL, MN, SD, WI, Eastern ½ of ND) = \$19.00 Region 3 (AR, CO, KS, MO, NE, UT, Southeast 1/4 WY) = \$19.67 Region 4 (NM, OK, TX, LA, MS) = \$19.90 Region 5 (MT, Western ½ ND, Northwest 1/4 WY) = \$18.53 Region 6 and 7 (ID, OR, WA) = \$18.42 Region 8 (AK, AZ, CA, HI, NV, AL, and all eastern locations*) = \$20.07.</p> <p>* Eastern locations include AL, DE, FL, GA, MD, NJ, NY, SC, NC, PA, VA, and New England.</p> <p>Example: Mrs. Smith submits a bid to participate in Sidney, Montana. The processor shall enter \$18.53 in column K.</p> <p>Note: After the CCC sugar price is entered for the first offer, the worksheet will automatically enter the same price for every other offer entered on that worksheet.</p>

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Instructions for Completing PC-Based Automated Worksheet (Continued)

Column	Instructions
L	<p>The automated worksheet will calculate the producer's value per acre (bid cap) and enter the amount in column L. The bid cap is calculated using the following formula:</p> <p style="text-align: center;">The producer's average yield (column H) times the producer's average sugar content (column I) times the processor's average recovery rate (column J) times the CCC price of sugar (column K) times 20.</p>
M	<p>Enter the producer's per acre bid amount. The producer must determine the per acre dollar amount to bid. The producer's per acre bid amount cannot exceed the calculated bid cap amount in column L. If an amount greater than the bid cap is entered, the following error message will be displayed, "This amount cannot exceed the Value Per Acre."</p>
N	<p>Enter the percentage share the producer has in the crop for the acres bid. This is the percentage share the producer has in the crop not the share the producer has in a partnership or other entity. This is not the share in a cooperative.</p> <p>Example 1: Mrs. James cash rents land from Mr. Williams. Mrs. James has 100 percent share of the sugar beets grown on the land. Mrs. James bids 12 acres into the 2000 Sugar PIK Program. The percentage share in the crop for the acres bid would be 1.0 for Mrs. James. Only Mrs. James must sign CCC-744.</p> <p>Example 2: Mr. Black rents land from Mr. Brown on a share rent basis. Mr. Black and Mr. Brown agree that all crops planted will be shared 80 percent to Mr. Black and 20 percent to Mr. Brown. Mr. Black bids 12 acres into the 2000 Sugar PIK Program. The percentage share in the crop for the acres bid would be .8000 for Mr. Black and .2000 for Mr. Brown. Because they both have a share in the crop on the acres bid, both Mr. Black and Mr. Brown must sign CCC-744.</p> <p>Note: A share greater than 1.0 cannot be entered. If a share greater than 1.0 is entered, the following error message will be displayed, "This share cannot exceed 1."</p>

Continued on the next page

Instructions for Completing PC-Based Automated Worksheet (Continued)

Column	Instructions
O	<p>Enter the total number of acres of sugar beets the producer wishes to bid. The producer must determine the number of acres to bid.</p> <p>If the number of acres entered times the offered amount per acre times the producer's share is greater than \$20,000, the following warning message will be displayed, "WARNING, no person, as determined according to 7 CFR Part 718, shall be awarded more than \$20,000 worth of sugar regardless of the Total Value calculated."</p> <p>Note: See paragraph 3 regarding payment limitations.</p>
P	<p>The automated worksheet will calculate the total value of the producer's bid and enter the amount in this column. The total value is calculated using the following formula:</p> <p style="text-align: center;">The producer's per acre bid amount (column M) times the producer's share in the crop (column N) times the number of acres bid (column O).</p> <p>If the amount calculated exceeds \$20,000, a warning message will be displayed indicating that the payment limitation for the 2000 Sugar PIK Program is \$20,000 per "person".</p> <p>Important: The payment limitation for the 2000 Sugar PIK Program is \$20,000 per "person". Therefore, any producer's bid that results in a total value greater than \$20,000 per "person" will be limited to \$20,000. Under no circumstances shall a "person" receive more than \$20,000 worth of CCC inventory sugar.</p>
Q	<p>Enter the State where the producer's FSA farm records are administered for the acres bid. If the producer has no FSA farm records for the acres bid, enter the State where the acres bid are physically located.</p>
R	<p>Enter the county where the producer's FSA farm records are administered for the acres bid. If the producer has no FSA farm records for the acres bid, enter the county where the acres bid are physically located.</p>
S	<p>Enter the producer's mailing address.</p>
T	<p>Enter the producer's mailing city.</p>
U	<p>Enter the producer's mailing State.</p>
V	<p>Enter the producer's mailing ZIP code.</p>